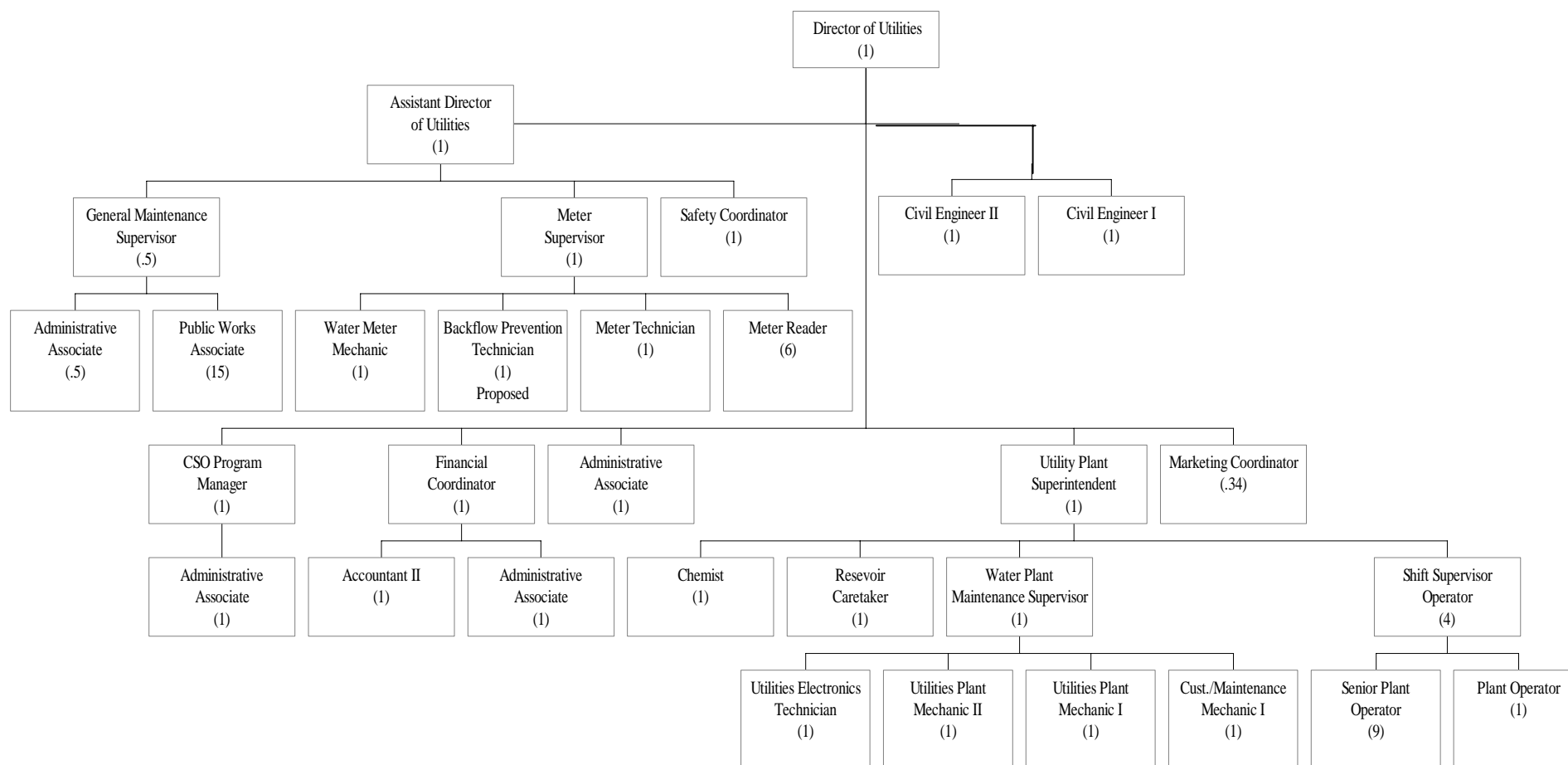




Water Fund (Public Works – Utilities Division)

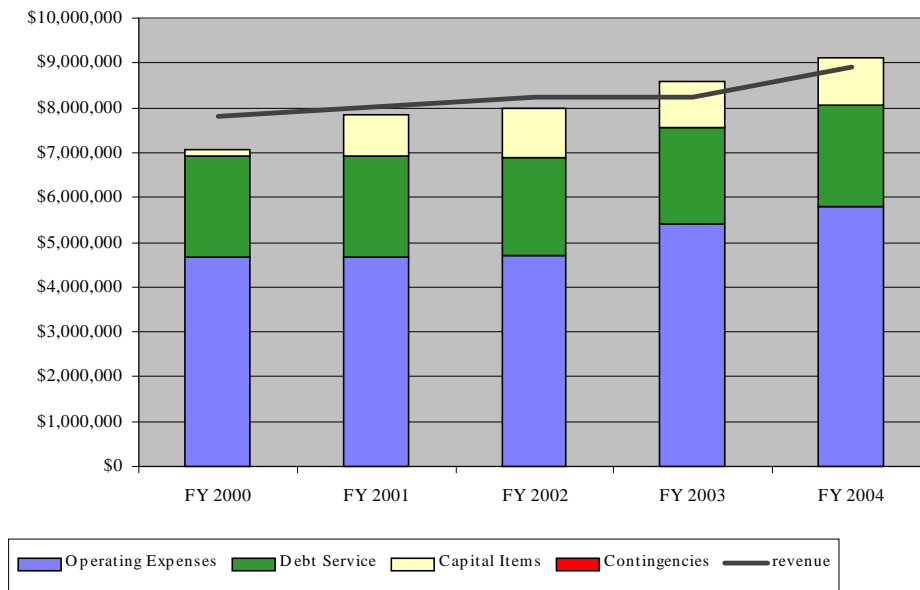




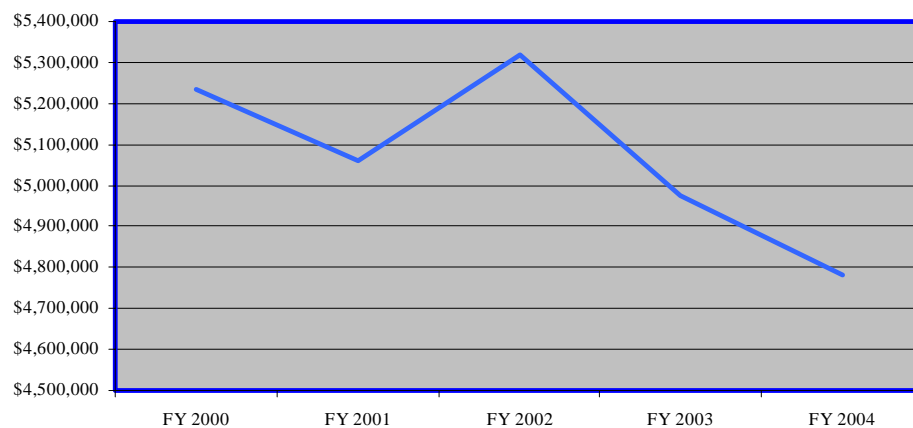
Water Fund Description

Lynchburg has one of the nation's oldest public water systems. Today, the system is managed by the Public Works Department and furnishes safe drinking water to 65,300 City residents and businesses. It also delivers water to Amherst, Bedford and Campbell Counties under wholesale contract agreements. Lynchburg's raw water comes from the Pedlar Reservoir, a protected watershed in the George Washington Forest and from the James River. The system can deliver up to 26 million gallons of water a day from two water treatment plants. Total treated water storage capacity is approximately 33 million gallons. Water is delivered through a 450-mile network of transmission and distribution lines, 12 water storage tanks and 7 major pump stations.

Revenues & Expenses



Ending Funds





Water Fund

FUND SUMMARY

	Actual FY 2002	Adopted FY 2003	Amended FY 2003	Manager's Proposed FY 2004	Adopted FY 2004
BEGINNING FUNDS	\$5,060,953	\$4,336,950	\$5,320,078	\$4,975,920	\$4,650,396
REVENUES					
Charges for Services	6,423,887	6,340,010	6,592,130	6,943,545	6,943,545
Water Contracts	1,655,789	1,628,141	1,543,903	1,853,303	1,853,303
Interest & Other	158,442	239,024	108,000	124,580	124,580
TOTAL REVENUES	8,238,118	8,207,175	8,244,033	8,921,428	8,921,428
EXPENSES:					
Operating - Departmental	3,638,360	3,971,073	4,223,358	4,549,316	4,596,874
Operating - Non-Departmental	1,073,612	1,182,220	1,187,499	1,242,587	1,195,029
Debt Service Payments	2,191,040	2,399,265	2,143,443	2,248,572	2,248,572
Capital Outlay	1,075,981	993,269	1,033,891	1,073,500	1,073,500
TOTAL EXPENSES	7,978,993	8,545,827	8,588,191	9,113,975	9,113,975
ENDING FUNDS ¹	\$5,320,078	\$3,998,298	\$4,975,920	\$4,783,373	\$4,457,849
Key Financial Ratios:					
Debt Coverage Ratio Target	1.20	1.20	1.20	1.20	1.20
Debt Coverage Ratio	1.61	1.27	1.32	1.39	1.39
Fund Balance Ratio Target	40%	40%	40%	40%	40%
Fund Balance Ratio	65%	47%	58%	52%	52%

¹ Ending FY 2002 funds have been restated to reflect cash balance and other items expected to be converted to cash within 90 days after June 30 of each year.

**Water Fund****REVENUE SUMMARY**

	Actual FY 2002	Adopted FY 2003	Amended FY 2003	Manager's Proposed FY 2004	Adopted FY 2004
Charges for Services:					
Water Sales	\$4,666,994	\$4,589,671	\$4,842,808	\$5,132,743	\$5,132,743
Meter Charges	512,708	514,581	515,708	518,708	518,708
Sewer Fund Charges	460,000	469,200	460,000	500,000	500,000
General Fund Hydrant Charges	300,049	306,052	306,050	312,171	312,171
Availability Fees	100,875	90,000	90,000	90,000	90,000
Connection Fees	86,190	60,000	66,000	72,600	72,600
Cut-on/off Charges	158,576	131,782	125,000	127,500	127,500
Delinquent Account Fees	63,430	31,509	65,333	65,000	65,000
Fire protection Fees	48,238	48,245	49,685	51,176	51,176
Water Cost Plus	61,830	72,956	63,685	65,595	65,595
All Others	(35,003)	26,014	7,861	8,052	8,052
Total Charges for Services	\$6,423,887	\$6,340,010	\$6,592,130	\$6,943,545	\$6,943,545
Water Contracts:					
Amherst	119,102	118,524	120,350	120,350	120,350
Bedford	893,287	831,667	897,696	933,604	933,604
Campbell	19,051	17,983	18,835	345,000	345,000
Industrial	624,349	659,967	507,022	454,349	454,349
Total Water Contracts	\$1,655,789	\$1,628,141	\$1,543,903	\$1,853,303	\$1,853,303
Interest & Other:					
Interest	151,035	213,605	100,000	116,580	116,580
All Other	7,407	25,419	8,000	8,000	8,000
Total Interest & Other	\$158,442	\$239,024	\$108,000	\$124,580	\$124,580
Total Revenues	\$8,238,118	\$8,207,175	\$8,244,033	\$8,921,428	\$8,921,428



Water Fund

EXPENDITURE SUMMARY

	Actual FY 2002	Adopted FY 2003	Amended FY 2003	Manager's Proposed FY 2004	Adopted FY 2004
Departmental:					
Salaries	\$1,562,341	\$1,826,230	\$1,826,230	\$2,063,574	\$2,102,352
Employee Benefits	503,503	542,739	542,739	626,157	634,937
Supplies & Materials	369,538	423,500	422,400	473,600	473,600
Chemicals	226,797	236,500	236,500	261,500	261,500
Gas/Diesel Fuel	16,306	21,733	21,433	22,063	22,063
Internal Services Charges	65,129	54,856	54,856	47,742	47,742
Rentals & Leases	8,218	11,900	11,900	11,900	11,900
Utilities	339,619	378,800	379,508	418,400	418,400
Buildings & Grounds Maintenance	14,656	7,000	7,000	11,350	11,350
Contractual Services	431,829	380,600	401,874	516,680	516,680
Training & Meetings	15,690	20,500	20,500	27,400	27,400
Engineering Services	20,086	20,000	20,000	20,000	20,000
Misc. Expenses	64,648	46,715	55,815	48,950	48,950
Total Departmental Expenses	\$3,638,360	\$3,971,073	\$4,000,755	\$4,549,316	\$4,596,874
Non-Departmental:					
General Fund Payments	\$826,031	\$924,969	\$924,969	\$924,969	\$924,969
Self Insurance	60,455	109,113	109,113	109,807	109,807
Financial Audit	20,118	28,132	28,132	29,257	29,257
Retirees Health Insurance	108,352	80,786	80,786	82,408	82,408
Interest on Customer Deposits	10,474	0	0	9,500	9,500
Banking Services	5,776	6,461	6,461	2,880	2,880
Utility Billing Upgrades	1,080	0	8,038	10,000	10,000
Chart of Accounts Project	6,003	0	0	0	0
Compensation Plan Adjustments	0	9,259	9,259	54,766	7,208
IT Systems	0	0	0	8,000	8,000
PIER	0	12,500	0	0	0
All Other	35,323	11,000	11,000	11,000	11,000
Total Non-Departmental Expenses	\$1,073,612	\$1,182,220	\$1,177,758	\$1,242,587	\$1,195,029
Capital Purchases & Transfers:					
Transfer to Water Capital Fund	\$725,000	\$850,000	\$850,000	\$850,000	\$850,000
Transfer to General Fund	11,372	0	0	0	0
Transfer to City Fleet Fund	330,171	123,269	123,269	161,000	161,000
Capital Purchases	9,438	20,000	60,622	62,500	62,500
Total Cap. Purchases & Transfers	\$1,075,981	\$993,269	\$1,033,891	\$1,073,500	\$1,073,500



Public Works Utilities Division Water Fund Administration. Leadership, management and administrative support are provided for water and wastewater functions, including the operation and maintenance of two water treatment plants and one wastewater treatment plant, a surface water reservoir on the Pedlar River, 33 million gallons of system storage, water distribution lines, stormwater lines and basins, sanitary sewers, sewer separation projects, and meter reading. Functions include serving as governmental and regulatory liaison, providing engineering support, ensuring compliance with environmental regulations, financial and human resource management, safety coordination, and other administrative duties. Services for which oversight is provided are federally mandated by the Safe Drinking Water Act and the Clean Water Act. Oversight is provided by the Virginia Department of Health and the Virginia Department of Environmental Quality.

BUDGET SUMMARY

By Object Code:	Actual FY 2002	Adopted FY 2003	Amended FY 2003	Manager's Proposed FY 2004	Adopted FY 2004
Salaries	\$255,908	\$420,964	\$418,252	\$533,260	\$543,645
Fringe Benefits	84,409	119,823	119,290	154,326	156,705
Supplies & Materials	19,318	18,700	24,600	19,900	19,900
Gasoline / Fuel	829	1,077	800	1,393	1,393
Internal Service Charges	1,644	2,117	2,856	2,396	2,396
Rentals & Leases	5,286	5,500	5,000	5,500	5,500
Utilities	2,810	6,100	6,900	5,500	5,500
Buildings & Grounds	27	0	0	0	0
Contractual Services	62,735	72,200	110,557	142,200	142,200
Training & Meetings	5,392	7,000	7,000	9,200	9,200
Engineering	20,086	20,000	20,000	20,000	20,000
Miscellaneous	20,607	2,000	3,600	4,300	4,300
Total	\$479,051	\$675,481	\$718,855	\$897,975	\$910,739

Performance Data:

# of Authorized Staff Positions	10.3	10.3	10.3	11.3	11.3
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***Water Fund Administration Operating Budget Description***

The Proposed FY 2004 Water Fund Administration budget of \$897,975 represents a 32.94% increase of \$222,494 as compared to the Adopted FY 2003 budget of \$675,481.

Significant changes introduced in the Requested FY 2004 budget include:

- ◆ \$112,296 increase in Salaries due to incorporating the CSO office staff (2 positions) with Administration.
- ◆ \$34,503 increase in Employee Benefits due to incorporation of CSO office and rising health and dental insurance costs.
- ◆ \$7,500 increase in Maintenance & Repair due to incorporation of CSO office.
- ◆ \$66,000 increase in Professional Services due to incorporation of CSO office.
- ◆ \$6,000 decrease in Large Installations due to reclassification of accounts.
- ◆ \$2,500 increase in Miscellaneous Contractual services due to incorporation of CSO office.
- ◆ \$495 increase of Fleet Service charges due to incorporating the CSO office.
- ◆ \$4,300 increase in Supplies & Materials due to CSO office and inflation.
- ◆ \$2,200 increase in Travel & Training due to the incorporation of the CSO office.
- ◆ \$600 decrease in Telecommunications due to historical trend.
- ◆ \$2,300 increase in Dues & Memberships due to including the CSO office.
- ◆ \$3,000 decrease in Miscellaneous Other Charges due to reclassification of accounts.

The Department requested \$911,012.

Major items requested not proposed for funding include:

- ◆ \$7,326 in Salaries.
- ◆ \$1,500 in Supplies & Materials.
- ◆ \$1,404 in Internal Service Charges.
- ◆ \$1,600 in Utilities.
- ◆ \$1,500 in Contractual Services.

The Proposed FY 2004 Water Fund Administration budget was adopted with the following changes:

- ◆ \$12,764 increase in Salaries and Fringe Benefits reflecting a two percent general salary increase.

NOTE: Budget presentation as prepared by the Utility Rate Consultant has not been adjusted to reflect the new chart of accounts. Account descriptions for significant changes reflect the new charts of accounts.



Public Works Utilities Division Meter Reading. Meter Readers record water meter readings for over 20,000 accounts, which serve as the basis for monthly water and sewer billings. Personnel replace meters on a schedule intended to assure accurate recording of consumption. Two inch and larger meters are replaced or calibrated on a regular basis as recommended by the American Water Works Association. Residential meters are replaced as needed but not less than every 12 years. At the direction of the Billing & Collections Division, Meters Readers investigate unusual consumption, activate or deactivate water service, and investigate customer complaints for meter reading issues. Meter inventory records are maintained. Route and sequence numbers are assigned to new accounts and other file maintenance is performed. Meter Readers also.

BUDGET SUMMARY

By Object Code:	Actual FY 2002	Adopted FY 2003	Amended FY 2003	Manager's Proposed FY 2004	Adopted FY 2004
Salaries	\$226,236	\$234,970	\$232,210	\$279,667	\$285,169
Fringe Benefits	76,754	75,361	74,761	93,207	94,467
Supplies & Materials	63,844	67,400	67,800	74,700	74,700
Gasoline / Fuel	5,394	7,216	6,600	7,221	7,221
Internal Service Charges	12,825	11,494	11,369	11,185	11,185
Rentals & Leases	88	100	96	100	100
Utilities	988	2,300	2,150	2,000	2,000
Contractual Services	16,603	6,400	17,900	33,180	33,180
Training & Meetings	2,768	3,500	3,700	6,200	6,200
Miscellaneous	290	300	450	550	550
Total	\$405,790	\$409,041	\$417,036	\$508,010	\$514,772

Performance Data:

# of authorized staff positions	9	9	9	10	10
# of Meters Read per Month	20,541	20,500	21,400	21,500	21,500
# of Meters Replaced	1,095	1,300	1,300	1,300	1,300
# of High / Low Investigations	2,781	4,800	3,600	3,600	3,600
# of Turn-on / Turn-offs	6,208	3,800	3,800	3,800	3,800

***Meter Reading Operating Budget Description***

The Proposed FY 2004 Meter Reading budget of \$508,010 represents a 24.20 % increase of \$98,969 as compared to the Adopted FY 2003 budget of \$409,041.

Significant changes introduced in the Requested FY 2004 budget include:

- ◆ \$44,697 increase in Salaries due to position realignments and anticipated new Backflow Prevention Technician position.
- ◆ \$17,846 increase in Employee Benefits due to rising health and dental insurance costs.
- ◆ \$22,000 increase in Large Installations due to additional work performed to maintain 2 inch and larger meters.
- ◆ \$4,300 increase in Miscellaneous Contractual Services is generated due to inclusion of the PIER program.
- ◆ \$304 decrease in Fleet Service charges due to historical trend.
- ◆ \$7,300 increase in Supplies & Materials due to additional work to be completed and anticipated increase in cost of materials.
- ◆ \$2,700 increase in Travel & Training due to new programs which require further training such as the Backflow Prevention Program.

The Department requested \$513,204.

Major items requested not proposed for funding include:

- ◆ \$3,815 reduction in Internal Services charges.

The Proposed FY 2004 Meter Reading budget was adopted with the following changes:

- ◆ \$6,762 increase in Salaries and Fringe Benefits reflecting a two percent general salary increase.

NOTE: Budget presentation as prepared by the Utility Rate Consultant has not been adjusted to reflect the new chart of accounts. Account descriptions for significant changes reflect the new charts of accounts.



Public Works Utilities Division Water Line Maintenance. Provides installation, maintenance, and repair of water lines, water services, hydrants, and valves. Responds to customer complaints, investigates, and initiates remedial action. Maintains records on the date of repairs, the length of service and the types of materials and equipment used. The water distribution system continually delivers treated water, under pressure, to customers. Services are federally mandated by the Safe Drinking Water Act. Oversight is provided by the Virginia Department of Health.

BUDGET SUMMARY

By Object Code:	Actual FY 2002	Adopted FY 2003	Amended FY 2003	Manager's Proposed FY 2004	Adopted FY 2004
Salaries	\$416,356	\$448,404	\$460,184	\$511,732	\$520,885
Fringe Benefits	128,435	133,655	132,003	151,650	153,645
Supplies & Materials	197,462	242,500	255,446	291,500	291,500
Gasoline / Fuel	7,884	10,432	11,000	10,439	10,439
Internal Service Charges	44,737	23,159	32,278	26,325	26,325
Rentals & Leases	1,270	2,000	2,000	2,000	2,000
Utilities	838	2,400	2,200	2,600	2,600
Buildings & Grounds	52	500	200	350	350
Contractual Services	104,168	112,800	116,800	122,000	122,000
Training & Meetings	1,732	3,000	5,000	5,000	5,000
Miscellaneous	681	600	251	100	100
Total	\$903,615	\$979,450	\$1,017,362	\$1,123,696	\$1,134,844

Performance Data:

# of Authorized Staff Positions	15.5	15.5	15.5	16	16
# of Utility Cuts	126	175	150	150	150
# of Main Repairs	164	90	100	100	100
# of Hydrants Installed / Repaired	138	150	*	*	*
# of New Services Installed	126	100	100	100	100
# of Service Renewals	158	165	150	150	150
# of Service Repairs	318	250	300	300	300
Snow Removal Hours	0	500	0	0	0

* 2,500 maintained; 20 replaced

***Water Line Maintenance Operating Budget Description***

The Proposed FY 2004 Water Line Maintenance budget of \$1,123,696 represents a 14.73 % increase of \$144,246 as compared to the Adopted FY 2003 budget of \$979,450.

Significant changes introduced in the Requested FY 2004 budget include:

- ◆ \$63,328 increase in Salaries due to position realignments and funding for crew leader positions.
- ◆ \$17,995 increase in Employee Benefits due to rising health and dental insurance costs.
- ◆ \$8,000 increase in Large Installations when contractors are necessary to repair water lines.
- ◆ \$3,173 increase in Fleet Service charges due to historical trend.
- ◆ \$49,150 increase in Supplies & Materials due to additional work to be completed and anticipated increase in cost of materials.
- ◆ \$2,000 increase in Travel & Training due to implementation of programs that require training.

The Department requested \$1,163,482.

Major items requested not proposed for funding include:

- ◆ \$4, 561 reduction in Gas/Fuel.
- ◆ \$33,175 reduction in Fleet Service charges.

The Proposed FY 2004 Water Line Maintenance budget was adopted with the following changes:

- ◆ \$11,148 increase in Salaries and Fringe Benefits reflecting a two percent general salary increase.

NOTE: Budget presentation as prepared by the Utility Rate Consultant has not been adjusted to reflect the new chart of accounts. Account descriptions for significant changes reflect the new charts of accounts.



Public Works Utilities Division Water Treatment. Raw water from Pedlar Reservoir in Amherst County is delivered through a 22-mile gravity pipeline to Lynchburg. Two raw water pumping stations are located on the James River to augment the Pedlar supply as required. Chemicals are added at Pedlar Reservoir and at the Abert and College Hill Filtration Plants where treatment is completed. Water is continuously examined for quality assurance during processing. In addition, periodic sampling is performed at selected points in the water distribution system to assure delivery of safe and potable water. Water is provided without interruption and with sufficient volume and pressure for consumption and for fire suppression throughout the City. The water quality is federally mandated by the Safe Drinking Water Act. Oversight is provided by the Virginia Department of Health.

BUDGET SUMMARY

By Object Code:	Actual FY 2002	Adopted FY 2003	Amended FY 2003	Manager's Proposed FY 2004	Adopted FY 2004
Salaries	\$663,841	\$721,892	\$706,267	\$738,915	\$752,653
Fringe Benefits	213,905	213,900	213,134	226,974	230,120
Supplies & Materials	88,914	94,900	88,600	87,500	87,500
Chemicals	226,797	236,500	356,820	261,500	261,500
Gasoline / Fuel	2,199	3,008	3,410	3,010	3,010
Internal Service Charges	5,923	18,086	5,998	7,836	7,836
Rentals & Leases	1,574	4,300	2,000	4,300	4,300
Utilities	334,983	368,000	434,300	408,300	408,300
Buildings & Grounds	14,577	6,500	10,200	11,000	11,000
Contractual Services	248,323	189,200	200,992	219,300	219,300
Training & Meetings	5,798	7,000	7,000	7,000	7,000
Miscellaneous (including Operations Fee)	43,070	43,815	41,384	44,000	44,000
Total	\$1,849,904	\$1,907,101	\$2,070,105	\$2,019,635	\$2,036,519

Performance Data:

# of Authorized Staff Positions	23	22	22	22	22
Water Source (mgd) - Pedlar	9.68	10.50	10.50	10.50	10.50
Water Source (mgd) - James	1.77	1.50	1.50	1.50	1.50
Water Treated (mgd) - College Hill	5.75	6.00	6.00	6.00	6.00
Water Treated (mgd) - Abert	5.70	6.00	6.00	6.00	6.00
Cost of Treatment / MG Treated	\$443	\$435	\$473	\$461	\$465

***Water Treatment Plant Operating Budget Description***

The Proposed FY 2004 Water Treatment budget of \$2,019,635 represents a 5.90% increase of \$112,534 as compared to the Adopted FY 2003 budget of \$1,907,101.

Significant changes introduced in the Requested FY 2004 budget include:

- ◆ \$17,023 increase in Salaries due to an 2% salary increase.
- ◆ \$13,074 increase in Employee Benefits due to rising health and dental insurance costs.
- ◆ \$29,800 increase in Maintenance & Repair by outside vendors due to historical data and Pedlar Discharge Station \$12,100.
- ◆ \$12,000 decrease in Printing & Binding due to historical trend.
- ◆ \$12,000 increase in Large Installations due to historical trend and economic indicators of rising costs.
- ◆ \$2,000 net increase in Miscellaneous Contractual Services due to a decrease based on historical data and inclusion of the PIER program.
- ◆ \$10,248 decrease in Internal Fleet Service due to historical trend.
- ◆ \$23,800 increase in Supplies & Materials due to increase in workload and rising costs in materials.
- ◆ \$40,000 increase in Utilities due to increase in both electricity usage and AEP rates.
- ◆ \$3,100 decrease in Dues & Memberships due to historical data.

The Department requested \$2,024,289.

Major items requested not proposed for funding include:

- ◆ \$6,300 reduction in Supplies & Materials.

The Proposed FY 2004 Water Treatment budget was adopted with the following changes:

- ◆ \$16,884 increase in Salaries and Fringe Benefits reflecting a two percent general salary increase.

NOTE: Budget presentation as prepared by the Utility Rate Consultant has not been adjusted to reflect the new chart of accounts. Account descriptions for significant changes reflect the new charts of accounts.



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